

## Message Text

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PAGE 01 MANAGU 01033 201729Z

72

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 SPC-03 IGA-02 AID-20

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08

SWF-02 PA-04 PRS-01 USIA-15 DRC-01 ( ISO ) W

----- 034548

R 201630Z MAR 74

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 3690

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L MANAGUA 1033

SAN SALVADOR FOR AGATT

GUATEMALA FOR ROCAP

E. O. 11652: GDS

TAGS: EAGR ETRD NU

SUBJECT: COTTON MOVING, BUT SLOWLY

REF: MANAGUA 916

1. LOCAL AGENT OF WEIL BROTHERS CALLED EMBOFF MARCH 19 TO GIVE HIM UPDATE ON THE COTTON DELIVERY SITUATION SINCE THE GON INTERVENED WITH A DECREE MARCH 7 ORDERING COMPLIANCE WITH 70 PERCENT OF FUTURES CONTRACT.

2. ACCORDING TO SOURCE, DELIVERIES ARE PROCEEDING FASTER THAN PREVIOUSLY, BUT SLOWER THAN EXPECTED. AGENTS OF US BROKERAGE FIRMS REVIEWED THEIR INDIVIDUAL SITUATIONS MARCH 18. DELIVERIES VARIED FROM BROKER TO BROKER BUT THE AVERAGE WAS ABOUT 40 PERCENT OF THE 70 PERCENT OR 28 PERCENT  
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PAGE 02 MANAGU 01033 201729Z

OF TOTAL FUTURES CONTRACTS. SOURCE REPORTED THAT DELIVERIES

WERE HEAVIEST MARCH 14 AND 15, E. I. JUST BEFORE THE EXPIRATION DATE OF BROKERS' OFFER TO GUARANTEE A PRICE OF 60 CENTS A POUND FOR THE REMAINING 30 PERCENT OF THE FUTURES CONTRACTS.

3. SOURCE REPORTED ALL LOCAL AGENTS HAVE COMPLIED LISTS OF THOSE SELLERS WHO HAD NOT COMPLIED WITH THEIR CONTRACTS BY MARCH 18 AND FORWARDED THEM TO THE NATIONAL COTTON COMMISSION. HE ADDED THAT BROKER GROUP HAD ESTABLISHED A NEW MINIMUM PRICE OF 50 CENTS A POUND FOR THE 30 PERCENT WHICH THEY WILL MAINTAIN UNTIL MARCH 22. HE CLAIMED THIS WAS ABOVE THE CURRENT MARKET PRICE FOR NICARAGUAN COTTON OF ABOUT 47 CENTS A POUND.

4. COMMENT: PERFORMANCE TO DATE HAS BEEN SOMEWAHT DISAPPOINTING AS RECALCITRANT GROWERS CONTINUE TO HOLD THEIR COTTON RATHER THAN DELIVER ON TERMS DECREED BY GON. A LARGE FIRE AT THE PORT OF CORINTO MARCH 18 WHICH DESTROYED 11,000 BALES AWAITING SHIPMENT SHOULD UNDERSCORE THE RISK TO THE FARMERS OF CONTINUED NON-DELIVERY, ESPECIALLY SINCE GROWERS ARE CONSIDERABLY UNDERINSURED. A CONTINUED PRICE DECLINE COULD ALSO INCREASE PRESSURE ON GROWERS TO DELIVER.  
SHELTON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, DISPUTE SETTLEMENT, TRADE COMPLAINTS, CONTRACTS, COMMODITY AGREEMENTS, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 MAR 1974  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**TAGS:** EAGR, ETRD, NU  
**To:** STATE  
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